

LYNCHBURG REGIONAL AIRPORT

COMMISSION MEMBER UPDATE

Wednesday, May 28, 2008

REPORT

FINE TUNING UNDERWAY ON RUNWAY 4 LIGHTING SYSTEM

All construction associated with the Runway 4 extension and related approach lighting system (MALSR) has now been completed, with work by American Electric Power (AEP) to relocate the power lines in the light lane area almost finished. We are now in the final phase of having the MALSR fully operational, although these last steps are contingent upon the schedules of entities over which we have little control. The relocation of the power lines should be completed early next week, with an FAA final inspection to follow shortly thereafter. A final flight check is scheduled for the week of June 9th, after which the limiting Notice to Airmen will be canceled and the full lighting system will be usable.

DELTA/NORTHWEST MERGER SHOULD HAVE LITTLE IMPACT LOCALLY

The recent announcement of a proposed merger between Delta and Northwest will result in the combined carriers being the largest airline in the world. With Delta Connection currently serving LYH with two flights per day to Atlanta, the combination should generate a number of new destinations and international service opportunities to Asia and the Pacific Rim. Of course, the merger will give the two airlines numerous opportunities also to combine flights and eliminate overlaps in their route systems. One positive development could very likely be the elimination of the current "pricing leader" role that Northwest Airlines plays at Roanoke that has created significant fare disparities between ROA and LYH to certain destinations in the Midwest reached through Northwest's Detroit hub.

In other airline merger news, Continental ceased discussions with United Airlines for a possible merger, and United has now turned its attention to US Airways, albeit slowly. While a combined US/UA would eliminate the possibility of a third airline returning to LYH in the form of United Express, the combination could nonetheless open new possibilities for Washington Dulles as a northern hub that could be complemented with Charlotte as a southern hub.

NEW ARFF BUILDING DESIGN PROCESS

As I reported last time, due to funding limitations this year in federal Airport Improvement Program (AIP), we are now planning to proceed with the design through bid phase of the Aircraft Rescue and Fire Fighting (ARFF) building project this year, with construction following next fiscal year. We have completed the independent fee review phase of selecting an engineering firm, and anticipate submitting our AIP grant application for this element by next week. Once under grant, we plan on progressing through the design phase over the summer and fall with a Request for Bids released right after the first of the New Year.

NEW ARFF TRUCK BIDS RECEIVED

The remainder of our AIP funding for this fiscal year will be for the acquisition of a new 1,500-gallon ARFF truck. At this time, bids have been received and I am pleased to report that the low bidder came in within the amount of available funds from AIP this year. The low bidder, Rosenbauer – General Safety Equipment Company, submitted a bid \$610,116.

And, by the way, the ARFF building design/bid and the ARFF truck costs combined amount to some \$732,000, while our available entitlement grant funds for FY 2008 are \$741,000.

VIRGINIA DEPARTMENT OF AVIATION RELEASES SOME SPECIAL GRANT FUNDS

The Virginia Department of Aviation notified me earlier this month that tax collections for the Aviation Special Fund had improved somewhat, and that they are now in a position to release some of the funds to airports. I am pleased to report that earlier this week we were awarded an Air Service Development Grant for \$20,000. This represents a welcome addition to our budget for our air service development efforts, and will provide some much needed relief for our FY 2008 budget in general.

UPDATE ON THE RECENT CHESAPEAKE AIRPORT COURT RULING

With the Circuit Court entering its Final Order on March 10, 2008 in the Chesapeake Airport Authority lawsuit, I have been advised by our airport consortium's law firm that our motion to intervene and brief will be due on or before June 10, 2008. This is, in essence, the deadline for submissions to the State Supreme Court to determine if it will consider the appeal of the previous judgment. I will keep you informed as the case develops.

ITEMS FOR THE AGENDA

Due to time constraints, the agenda for our rescheduled meeting next Monday, June 2, 2008 will contain two major items. The first will be Commission action on a recommendation to Lynchburg City Council to authorized the City Manager to enter into two lease agreements. A summary of the agreements and a draft City Council Report are included with your Commission package. The other agenda item will be a presentation by the airport's Master Planners, HNTB, on the status of the master plan and overview of the concepts chapter of the plan.

Respectfully yours,

Mark F. Courtney

Mark F. Courtney, A.A.E.
Airport Director

LYNCHBURG REGIONAL AIRPORT COMMISSION
Monday, June 2, 2008
4:00 p.m.

AGENDA FOR THE COMMISSION

1. Call to Order

CONSENT AGENDA

2. March 24, 2008 Regular Commission Meeting Minutes
3. Lynchburg Regional Airport June 2008 Air Service Update
4. April 2008 Passenger Traffic Report

Consent Agenda Recommended Action: Receive and File

REGULAR AGENDA

5. Consideration of a recommendation to Lynchburg City Council authorizing the City Manager to enter into two (2) lease agreements for use of airport facilities and/or property as follows:
 - A. The sharing of certain components of the airport's Fuel Farm by Falwell Aviation and Virginia Aviation beginning July 1, 2008 for an initial term of five (5) years with an option for an additional five (5) years; and,
 - B. A new lease for Virginia Aviation beginning July 1, 2008 for the use of certain FBO facilities at Lynchburg Regional Airport for an initial term of five (5) years with an option for an additional five (5) years.

Commission Action: Make recommendation to City Council

6. Update on the status of the airport's Master Plan
 - A. Presentation by Jeff Mishler, HNTB, Principal in Charge of the Lynchburg Regional Airport Master Plan Update
7. Miscellaneous business
 - A. Inquiries and/or comments by Commission Members
8. Reports of airport businesses
9. Hearings of citizens upon Commission matters
10. Adjournment

**MINUTES OF
THE
LYNCHBURG REGIONAL AIRPORT COMMISSION MEETING
March 24, 2008
4:00 p.m.**

PRESENT:

Charles S. Nowlin, Jr.
Janice Crawford
Kimball Payne
Jones Stanley
Don Banker
David Laurrell
David Young

ABSENT:

Rick Loving
Billy Giles

STAFF PRESENT:

Mark Courtney, Airport Director
Rick Stein, Deputy Airport Director
Wes Campbell, Airport Finance Manager

(1) CALL TO ORDER:

Mr. Charles Nowlin, Chairman, called the meeting to order at 4:00 p.m.

(2) APPROVAL OF MARCH 24, 2008 CONSENT AGENDA

Mr. Nowlin asked if everyone had received the items from the consent agenda; the January 28, 2008 Commission Meeting Minutes, the March 2008 Air Service Update and the February 2008 Passenger Traffic Report. He then asked if there were any questions or comments regarding the consent agenda items.

Mr. Mark Courtney said, just for the record, that Mr. Billy Giles and Mr. Rick Loving both said they could not be here today.

Mr. Nowlin ask if there was a quorum present and Mr. Courtney said yes there was.

There being no questions or comments Mr. Nowlin asked for a motion to receive and file. The motion was made, seconded and unanimously accepted by all.

(3) REPORT OF THE AIRPORT FINANCE MANAGER

A. A report with regards to the airport's proposed FY 2009 Operating Budget

Mr. Wes Campbell stated that back in December the airport submitted its requested budget to the City, and between December and the early part of March our budget was reviewed by the City's budget office, the City Manager's office. He said that during the process there is usually some tweaking of funds as we get updated figures for debt service, employee benefits and that sort of thing. He then said about two or three weeks ago our

budget, as well as the City's budget, was finished and printed and now it is in the process of being presented to Council. He said he thought it would be appropriate at this time to share with the Commission where we are as far as the 2009 Airport Budget Request. He went on to further discuss and explain the budget. There followed a general discussion.

Mr. Nowlin ask if Enterprise Rent-a-Car was leaving, and Mr. Courtney said we have met with them but we have not been officially notified. He went on to further discuss the rental car issue. There followed more discussion.

Mr. Nowlin said the Commission Action requested was to receive and make a recommendation to City Council. Mr. Nowlin made the motion to recommend that City Council approve the airport's budget; it was seconded and unanimously accepted by all.

(4) REPORT OF THE AIRPORT DIRECTOR

A. An update on continuing air service development efforts and discussion on the current state of the domestic airline industry

Mr. Courtney said he had three items in his report. He said the first thing is that Delta Airlines has made an announcement that they are going to be cutting capacity and reducing flights once again system wide. He said it was his understanding that they were going to be cutting their domestic service by another five percent. He said what bothered him most of all was that the reduction was going to be achieved by taking fifteen or twenty mainline aircraft and twenty or twenty-five regional jets temporarily out of service.

He said when he had met with Ms. Amy Martin of Delta Planning that she had made a point that the RJ has the worst economics of all the aircraft in their fleet. He said on the positive side, while we may be down to two flights per day they are larger aircraft, and that our total airport-wide traffic in February was down just ten percent on total seat capacity that was down nineteen percent. Delta Connection load factor was just a tad under 70 percent, and that compared to fifty-three percent last February. Now when you compare that with how much fares our have increased, our overall revenue per seat mile is much higher here. He said through his checking around it appears that we have not only been spared but we are one of the top performers among the RJ markets, as far as feeder markets. He went on to further discuss this issue.

He said he had some further input with United Express and the United Director of North American Planning. He said they are encouraging Pinnacle/Colgan to provide service to us; however; we are still trying to get some answers as to the gate situation. He said we are maintaining a dialogue and the mainline carrier supports it.

He said US Airways load factors were comparable to last year but their fares again are much higher. He said he was going to try to go back to Mr. Jason Reisinger, with US Airways and see if we can at least get an upgrade to a fifty seater on the late afternoon flight. He said for right now things are stable; it is just a matter of what is going to happen next. He showed the Commission what he had sent to the airlines. He said it is better to send them a little snippet than a whole presentation. There followed a general discussion.

B. A report on changes to the airport's Capital Improvement Plan as a result of reduced AIP appropriations by Congress

Mr. Courtney said we had found it necessary to delay our construction on the Aircraft Rescue Firefighting (ARFF) facility that was originally programmed for 2008 fiscal year AIP program and we inserted instead a new ARFF truck. He said as the Members could see, and he referred to an official letter from the FAA, indicating that because of Congress and the legislation that was passed this year as far as the appropriations were concerned, only 75percent of our AIP entitlement dollars will be available this year. He said as a result our total amount available right now is \$741,000. He said it will be pulled back up to probably around \$30,000 more. He then said we have an ARFF truck that we are budgeting for around \$625,000 and we have the design through bid services for around \$125,000. He went on to further explain and discuss the issue.

He then said one other Capital related item is on our Passenger Facility Charge (PFC) that currently authorizes the purchase of a passenger loading bridge. He said we put that in the most recent application hoping that the technology was perfected for being able to have upper level boarding bridges for Regional Jet size aircraft. He said at this time he really did not see that our PFC could support that, and that we would be terminating that PFC project. He went on to further explain. There followed a general discussion.

C. An update on the status of the airport's master planning process

Mr. Courtney said he met with the Master Planners last Wednesday. He said they came in to review the draft of concepts and they are now determining exactly what and where things are going to go on the airport and what their plans are for the different mixed uses. He said his emphasis with them was to keep as much flexibility as possible. He went on to detail the meeting further.

He said his plan was to have the Master Planners make a presentation to the Commission on the concepts and whatever draft they have. He said the goal is for June completion. There ensued additional discussion.

Mr. Courtney said there was one more thing. He said he had put in the Commission Member Update the Virginia Aviation Board action on the transitional surfaces as far as eligibility for State funding. He said he was serving on a Committee representing Virginia Airport Operators Council (VAOC) and the first meeting went very well. He proceeded to give additional details regarding the meeting.

He said one other thing, for what it is worth the Virginia Department of Aviation and the Virginia Aviation Board have really cut back on funding and he had gone on record at the February meeting on behalf of VAOC that we were very disappointed that they had eliminated funding. He said that he felt that was very short sighted. He detailed the funding that we have left and elaborated on the issue.

(5) MISCELLANEOUS BUSINESS

A. Inquiries and/or comments by Commission Members

It was ask about the Blue Angels. Mr. Courtney responded that he had not heard back from our partner group. He discussed the main issues and said that the Commission needed to weigh in on whether if this group dropped out on us, did we want to continue. There followed a general discussion.

(6) REPORTS OF AIRPORT BUSINESSES

Mr. Jim Lampman said very quickly, they had just taken delivery of a new airplane that has a Garmin 700 autopilot. He elaborated on the aircraft. He said the FAA was coming out Wednesday to start training on the aircraft.

Mr. David Falwell gave an update on Falwell Aviation and said they had taken on Mr. Jim Parker as Manager and he would be working with Jimmy Falwell.

Mr. Parker said that a week from Monday they would be breaking ground on the new hangar and further elaborated.

(7) HEARINGS OF CITIZENS UPON COMMISSION MATTERS

Mr. Nowlin asked if there were any questions or comments of citizens. There were none.

(8) ADJOURNMENT

There being no further business, the meeting was adjourned.

Lynchburg Regional Airport Commission

Effective June 2008

AIR SERVICE UPDATE

Summary The number of daily departure seats is 261 and the daily departure frequency is 6.

Carrier Profile	<u>Airline</u>	<u>Destination</u>	<u>Departures</u>	<u>Seats</u>	<u>Equipment</u>
	Delta Connection	Atlanta	2	100	CRJ
	US Airways	Charlotte	<u>4</u>	<u>161</u>	DH3 / DH8
AIRPORT TOTAL:			6	261	

Delta Connection Delta has added a second flight on Tuesdays and Saturdays for the month of June.

US Airways The number of available seats has been reduced from 174 to 161.

Destinations Served	<u>Non-Stop</u>	<u>Departures</u>	<u>Total</u>
Atlanta		2	2
Charlotte		<u>4</u>	<u>4</u>
		6	6

Aircraft Types	<u>Aircraft</u>	<u>No. of Departures/Day</u>
DH8	Dash 8	3
DH3	Dash 8-300	1
CRJ	Bombardier CRJ200	2

LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR APRIL 2008

AIR TRAFFIC REPORT

	MONTH			YR TO DATE TOTALS		PERCENTAGE CHANGES			
	Apr-08	Mar-08	Apr-07	2008	2007	Apr-08 Mar-08	Apr-08 Apr-07	08 YTD 07 YTD	
ENPLANED PASSENGERS	3,742	4,013	5,029	15,449	19,098	-6.8%	-25.6%	-19.1%	
DEPLANED PASSENGERS	3,767	4,054	4,882	15,551	19,233	-7.1%	-22.8%	-19.1%	
TOTAL PASSENGERS	7,509	8,067	9,911	31,000	38,331	-6.9%	-24.2%	-19.1%	
AIRCRAFT OPERATIONS (Landings and Takeoffs)									
Air Carrier	525	534	584	2,100	2,242	-1.7%	-10.1%	-6.3%	
General Aviation	4,918	3,831	4,629	15,399	16,999	28.4%	6.2%	-9.4%	
Military	59	77	88	289	313	-23.4%	-33.0%	-7.7%	
Total	5,502	4,442	5,301	17,788	19,554	23.9%	3.8%	-9.0%	

AIR TRAFFIC REPORT

	MONTH			YEAR TO DATE TOTALS		CHANGES			
	Apr-08	Mar-08	Apr-07	2007	2006	Apr-08 Mar-08	Apr-08 Apr-07	08 YTD 07 YTD	
NUMBER OF DAILY SCHEDULED FLIGHTS									
US Airways Express - Piedmont	4	4	5			0.0%	-20.0%		
US Airways Express - PSA	0	0	0						
ACA - United Express	0	0	0						
ASA - Delta Connection	2	2	3			0.0%	-33.3%		
Allegheny	0	0	0						
Shuttle America	0	0	0						
Air Midwest	0	0	0						
Total	6	6	8			0.0%	-25.0%		
NUMBER OF ACTUAL FLIGHTS									
US Airways Express - Piedmont	113	117	133	454	563	-3.4%	-15.0%	-19.4%	
US Airways Express - PSA	0	0	0	-	-				
ACA - United Express	0	0	0	-	-				
ASA - Delta Connection	51	52	84	201	324	-1.9%	-39.3%	-38.0%	
Allegheny	0	0	0	-	-				
Shuttle America	0	0	0	-	-				
Air Midwest	0	0	0	-	-				
Total	164	169	217	655	887	-3.0%	-24.4%	-26.2%	
NUMBER OF CANCELLED FLIGHTS									
US Airways Express - Piedmont	3	1	1	15	14		2	2	1
US Airways Express - PSA	0	0	0	-	-		0	0	0
ACA - United Express	0	0	0	-	-		0	0	0
ASA - Delta Connection	1	1	2	10	19		0	-1	-9
Allegheny	0	0	0	-	-		0	0	0
Shuttle America	0	0	0	-	-		0	0	0
Air Midwest	0	0	0	-	-		0	0	0
Total	4	2	3	25	33		2	1	-8

LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR APRIL 2008

AIR TRAFFIC REPORT													
			MONTH		YEAR TO DATE TOTALS				PERCENTAGE CHANGES			PERCENT OF AIRPORT TOTAL	
Revenue Passengers Only			Apr-08	Mar-08	Apr-07	2008	2007	Apr-08 Mar-08	Apr-08 Apr-07	08 YTD 07 YTD	Apr-08	Mar-08	Apr-07
ENPLANED PASSENGERS													
USAirways Express - Piedmont			2,166	2,331	2,937	9,018	11,856	-7.1%	-26.3%	-23.9%	57.9%	58.1%	58.4%
USAirways Express - PSA			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ACA - United Express			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ASA - Delta Connection			1,576	1,682	2,092	6,431	7,242	-6.3%	-24.7%	-11.2%	42.1%	41.9%	41.6%
Allegheny			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Shuttle America			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Air Midwest			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Charter			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total			3,742	4,013	5,029	15,449	19,098	-6.8%	-25.6%	-19.1%	100.0%	100.0%	100.0%
DEPLANED PASSENGERS													
USAirways Express - Piedmont			2,167	2,363	2,844	9,077	11,824	-8.3%	-23.8%	-23.2%	57.5%	58.3%	58.3%
USAirways Express - PSA			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ACA - United Express			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ASA - Delta Connection			1,600	1,691	2,038	6,474	7,409	-5.4%	-21.5%	-12.6%	42.5%	41.7%	41.7%
Allegheny			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Shuttle America			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Air Midwest			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Colgan Air			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Charter			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total			3,767	4,054	4,882	15,551	19,233	-7.1%	-22.8%	-19.1%	100.0%	100.0%	100.0%
TOTAL PASSENGERS													
USAirways Express - Piedmont			4,333	4,694	5,781	18,095	23,680	-7.7%	-25.0%	-23.6%	57.7%	58.2%	58.3%
USAirways Express - PSA			-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ACA - United Express			-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ASA - Delta Connection			3,176	3,373	4,130	12,905	14,651	-5.8%	-23.1%	-11.9%	42.3%	41.8%	41.7%
Allegheny			-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Shuttle America			-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Air Midwest			-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Colgan Air			0	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Charter			-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total			7,509	8,067	9,911	31,000	38,331	-6.9%	-24.2%	-19.1%	100.0%	100.0%	100.0%
AIR TRAFFIC REPORT													
NON-REVENUE PASSENGERS ONLY													
			MONTH		YEAR TO DATE TOTALS				PERCENTAGE CHANGES			PERCENT OF AIRPORT TOTAL	
			Apr-08	Mar-08	Apr-07	2008	2007	Apr-08 Mar-08	Apr-08 Apr-07	08 YTD 07 YTD	Apr-08	Mar-08	Apr-07
ENPLANED NON-REVENUE PASSENGERS													
USAirways Express - Piedmont			170	209	161	708	611	-18.7%	5.6%	15.9%	70.5%	67.0%	56.5%
USAirways Express - PSA			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ACA - United Express			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ASA - Delta Connection			71	103	124	320	405	-31.1%	-42.7%	-21.0%	29.5%	33.0%	43.5%
Allegheny			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Shuttle America			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Air Midwest			0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total			241	312	285	1,028	1,016	-22.8%	-15.4%	1.2%	100.0%	100.0%	100.0%

LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR APRIL 2008

AIR TRAFFIC REPORT													
NON-REVENUE PASSENGERS ONLY													
		MONTH			YEAR TO DATE TOTALS			PERCENTAGE CHANGES			PERCENT OF AIRPORT TOTAL		
		Apr-08	Mar-08	Apr-07	2008	2007	Apr-08 Mar-08	Apr-08 Apr-07	08 YTD 07 YTD	Apr-08	Mar-08	Apr-07	
DEPLANED NON-REVENUE PASSENGERS													
US Airways Express - Piedmont		162	176	156	675	635	-8.0%	3.8%	6.3%	75.3%	71.0%	57.8%	
US Airways Express - PSA		0	0	0			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
ACA - United Express		0	0	0			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
ASA - Delta Connection		53	72	114	261	360	-26.4%	-53.5%	-27.5%	24.7%	29.0%	42.2%	
Allegheny		0	0	0			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Shuttle America		0	0	0			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Air Midwest		0	0	0			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total		215	248	270	936	995	-13.3%	-20.4%	-5.9%	100.0%	100.0%	100.0%	
TOTAL NON-REVENUE PASSENGERS													
US Airways Express - Piedmont		332	385	317	1,383	1,246	-13.8%	4.7%	11.0%	72.8%	68.8%	57.1%	
US Airways Express - PSA		-	-	-			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
ACA - United Express		-	-	-			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
ASA - Delta Connection		124	175	238	581	765	-29.1%	-47.9%	-24.1%	27.2%	31.3%	42.9%	
Allegheny		-	-	-			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Shuttle America		-	-	-			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Air Midwest		-	-	-			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total		456	560	555	1,964	2,011	-18.6%	-17.8%	-2.3%	100.0%	100.0%	100.0%	

**Falwell Aviation/Virginia Aviation
Shared Fuel Farm Storage Tanks and Virginia Aviation Leasehold
Proposed Rent and Lease Structure
To be Effective July 1, 2008**

I. Fuel Farm Storage Tanks and Related Equipment

- A. Three 15,000 gallon aviation fuel storage tanks and related pumping/piping equipment to be shared by Falwell Aviation/Virginia Aviation (FBO "Parties") under separate five-year lease agreement, with an option for an additional five-year term as long as scheduled airline service does not fall to unprecedented levels.
- B. Use of the above tanks and equipment shall be subject to a per gallon through-put fee based on gross gallons pumped according to the following schedule:
 - Year 1 9¢ per gallon
 - Year 2 9.4¢ per gallon
 - Year 3 9.8¢ per gallon
 - Year 4 10.2¢ per gallon
 - Year 5 10.6¢ per gallon
- C. Fuel storage "Premises" shall be limited to the shadow of the storage tanks and equipment.
- D. FBO Parties shall be responsible for all maintenance and repair of the tanks, equipment and piping, and insurance on fuel in the tanks. City will be responsible for the replacement of major, long-life components that have reached the end of their useful life spans. Responsibility for insurance and compliance with regulatory and environmental laws for the fuel storage tanks and related equipment shall mirror the lease provisions of Virginia Aviation's current lease.
- E. Lease agreement shall specify that in the event any dispute between the Parties results in the cessation of their mutual sharing, control of the fuel storage tanks and all related or necessary equipment shall automatically revert to the City upon reasonable notice. In the event one of the Parties desires to terminate the agreement on a mutually agreeable basis with the other party, the City agrees to allow the remaining party to assume use of the fuel tanks and equipment under the same terms for the remainder of the Agreement until such time as another qualifying FBO is granted by the City the vacated party's right to operate under the lease agreement, and the parties concur on a subsequent fuel sharing arrangement.

II. Virginia Aviation Leasehold — Base Facility Rent (Existing Buildings)

- A. Virginia Aviation granted five (5) year lease with annual CPI adjustments, and option of extending the lease for an additional five (5) years upon such conditions as are mutually acceptable and agreed upon by the Lessee and the City.
- B. New lease effective July 1, 2008.
- C. Base rent remains at current lease rate plus standard July 1, 2008 CPI adjustment.

III. Virginia Aviation Leasehold — Lease structure

- A. Lease shall be a new lease (not a renewal).
- B. North Ramp tie-down area not to be included as part of five (5) year option.
- C. Any fee imposed for aircraft that do not purchase fuel when parked on public ramp shall be limited expressly to an "FBO Facility Use Fee" and referred to as such in printed materials, receipts and to customers.

IV. Other

- A. Final leases subject to review and/or approval by FAA and DOAV as applicable.
- B. Lynchburg Regional Airport minimum operating standards to be revised as necessary to ensure that any final executed lease or separate agreement are both in compliance.

LYNCHBURG CITY COUNCIL

Agenda Item Summary (*DRAFT*)

MEETING DATE: **June 24, 2008**

AGENDA ITEM NO.:

CONSENT:

REGULAR: **X**

CLOSED SESSION:
(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Public Hearings – Lynchburg Regional Airport Lease Agreements**

RECOMMENDATION:

Public Hearing A: Approve a five (5) year lease agreement with a five (5) year option, effective July 1, 2008, with Aviation Resources, Inc. (dba Virginia Aviation) and Falwell Aviation to jointly lease certain parts of the city-owned fuel farm facilities at Lynchburg Regional Airport, and authorize the City Manager to execute the agreement on behalf of the City.

Public Hearing B: Approve a new five (5) year lease agreement with a five (5) year option, effective July 1, 2008, with Aviation Resources, Inc. (dba Virginia Aviation) to lease certain airport facilities in order to provide Fixed-Base-Operator (FBO) services at Lynchburg Regional Airport, and authorize the City Manager to execute the agreement on behalf of the City.

SUMMARY:

For the past several months, airport staff have been involved in resolving a fuel farm access issue involving Virginia Aviation and Falwell Aviation. A tentative agreement has been negotiated which will allow Virginia Aviation and Falwell Aviation to use certain parts of the airport fuel farm facilities through a joint use agreement for a period of five (5) years, with a five (5) year option under certain conditions. To accommodate this joint use, a new lease with Virginia Aviation to include its existing FBO hangar and office facilities was also negotiated in order for it to continue to provide FBO services at the airport. The initial term of the Virginia Aviation lease is for a period of five (5) years, with an optional second five (5) year term upon such conditions as are mutually acceptable.

There is a statutory requirement for a public hearing prior to leasing City property.

PRIOR ACTION(S):

June 2, 2008 Airport Commission recommendation to approve both agreements.

FISCAL IMPACT:

A: For the first year of the fuel storage and equipment agreement, the annual rent by means of a through-put fee of 9 cents per gallon of gross fuel pumped will result in estimated annual revenue to the airport of \$90,000. For each subsequent year, the through-put fee will increase four-tenths of one cent.

B: For the first year of the agreement, the annual rent will be the same as it would have been for the final year of the current agreement (estimated to be approximately \$119,000), with annual increases tied to an inflation index.

CONTACT(S): Mark F. Courtney 455-6089 Airport Director

ATTACHMENT(S):

1) Resolutions A & B

REVIEWED BY:

RESOLUTION A

BE IT RESOLVED That the Lynchburg City Council approves a lease agreement by and between the City of Lynchburg and Aviation Resources, Inc. (dba Virginia Aviation) and Falwell Aviation (jointly) for lease of certain parts of the city-owned fuel farm facilities at Lynchburg Regional Airport; and,

BE IT FURTHER RESOLVED That the City Manager is authorized to execute the lease agreement.

RESOLUTION B

BE IT RESOLVED That the Lynchburg City Council approves a lease agreement by and between the City of Lynchburg and Aviation Resources, Inc. (dba Virginia Aviation) to lease certain airport facilities for the purpose of providing Fixed-Base Operator (FBO) services at Lynchburg Regional Airport; and,

BE IT FURTHER RESOLVED That the City Manager is authorized to execute the lease agreement.

Adopted:

Certified:

Clerk of Council